

Internet Usage Trends Among SMBs in Latin America



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A large number of diverse SMBs in a region is a good indicator for:

- A healthy economy
- Thriving innovation and entrepreneurialism
- Social opportunity and progress



“Accounting for **95 %** of all private enterprises, they are the greatest source of non-government employment.

“Small and medium-sized businesses in **Latin America**
are the economic **backbone** of the region...”



Internet usage in Latin America and the Caribbean grew nearly **891%** between 2000 and 2009



Out of nearly **2 billion** worldwide Internet users, almost **200 million** are in **Latin America**.



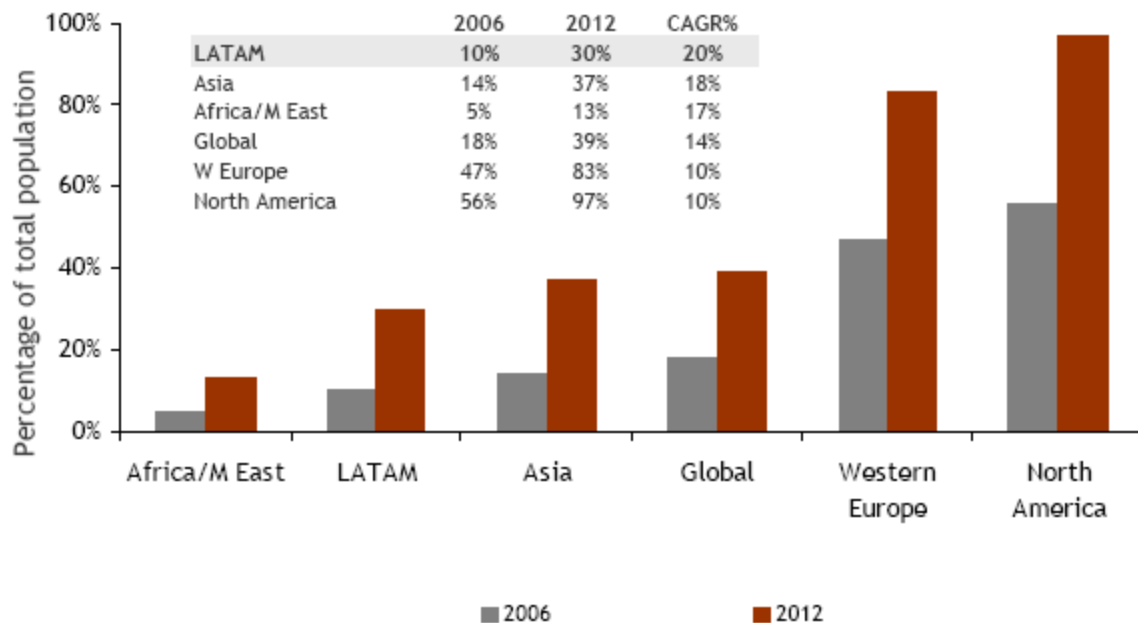
It's one of the **fastest growing** regions.

Internet in Latin American & the Caribbean has
now reached almost
31% of the population.



It's getting faster, too. **Latin America's broadband** access is predicted to expand at one of the **fastest rates** in the world.

Penetration Rates (Households) Fixed Broadband, Select Markets, 2006 vs. 2012



Source: Global Fixed Forecasts, Pyramid Research



All this connectivity means that
commerce is **changing**



Internet advertising by SMBs in Latin America

Google™

By: Pyramid research

Sample selection

- Pyramid Research interviewed over **3,600 Latin American SMBs**, evenly distributed by number of employees and industry vertical.
- The sample was chosen such that up to **86%** of companies already had a proprietary website (to focus the study).
- **36%** of businesses surveyed were classified as “medium,” and **64%** were “small.”



Businesses were interviewed in **Argentina, Brazil, Chile, Colombia, and Mexico.**



General Services - 41%



Manufacturing - 27%



Retail - 23%



E-commerce
2%



Other
2%

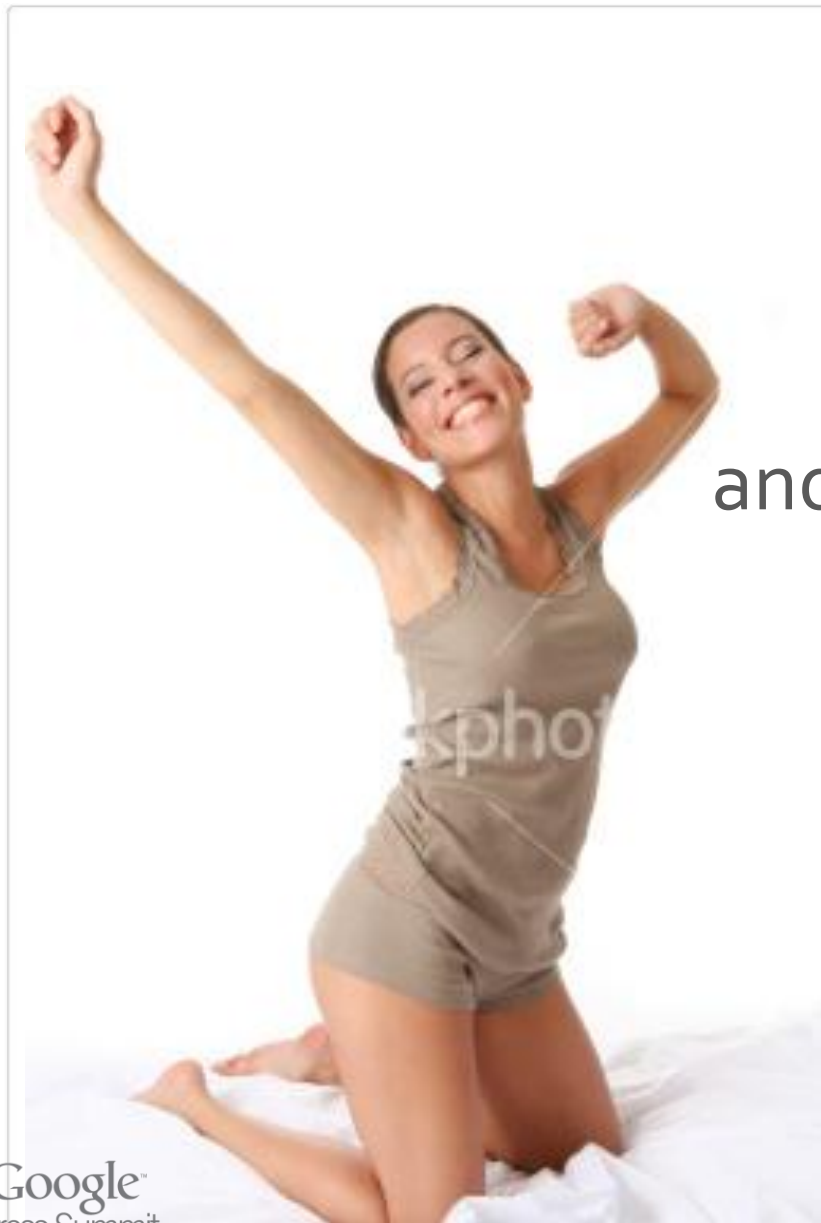


Financial Services
4%



Agriculture
2%





Results show that online advertising and e-commerce are **waking up** in Latin America

With the population increasingly online, many SMBs are recognizing the need for an online presence



OK

Online advertising is gaining in popularity



- Among Latin American SMBs with websites, **over 60%** are already using some e-advertising methods
- Another 6% plan to **leverage online advertising** soon

OK

- Most popular forms:
 - Search engine ads (38%)
 - Banner/display ads (16%)
- Multimedia ads are currently used by only **8%**



LATAM SMBs that already have **their own websites** are showing steady progress in their adoption of *some* online tools



Most of these progressive businesses are in a **strong financial situation** with stable, single-digit revenue growth, and have generally been in business for 5 years or more.



OK

E-Commerce is on the rise



While only **18%** of SMB websites currently allow online transactions, **another 24%** plan to enable these services in 6-18 months

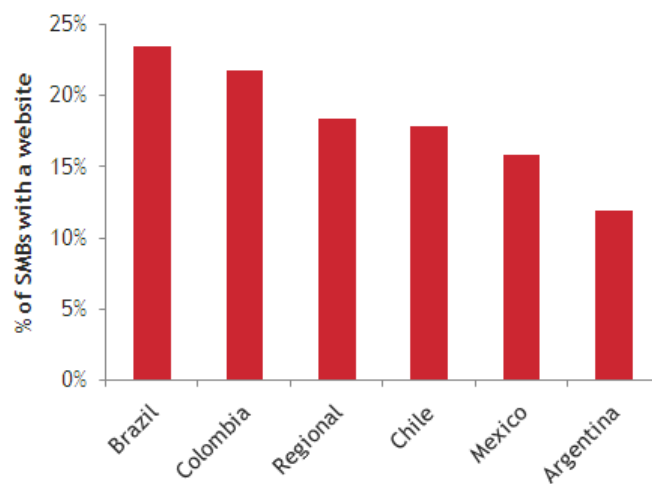


...yet there's still much
room for
improvement

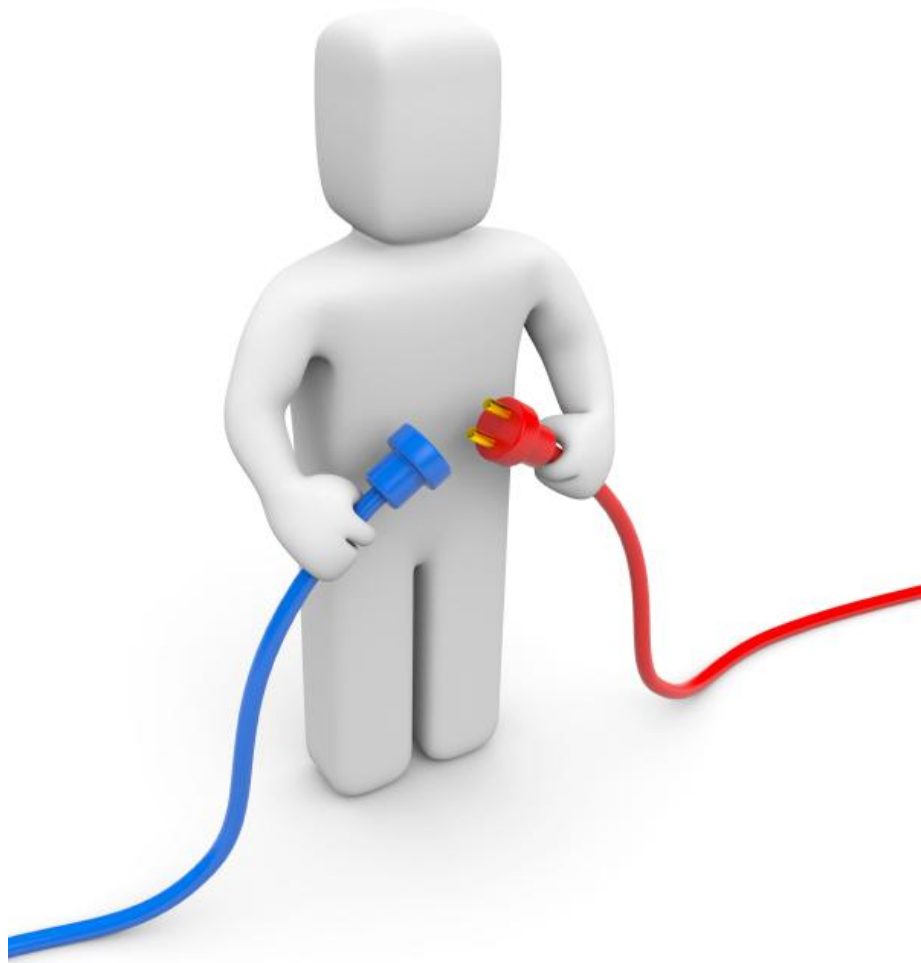
SMBs with a website in Argentina and Mexico show some of the lowest levels of enablement of online transactions



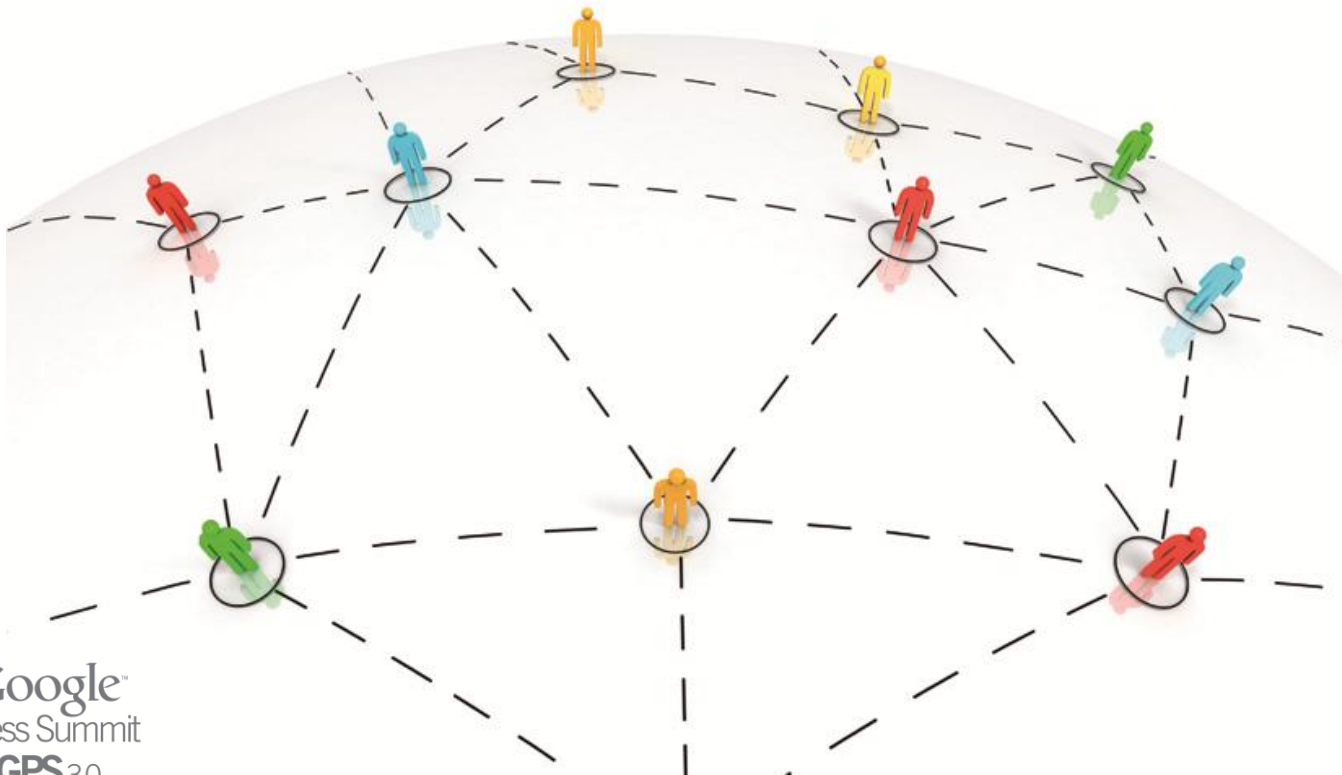
SMBs that support online transaction per country as a percentage of interviewees with a website



So far, overall IT
sophistication is still
low



ERP or CRM systems are still used by **less than 40% of SMBs online.**





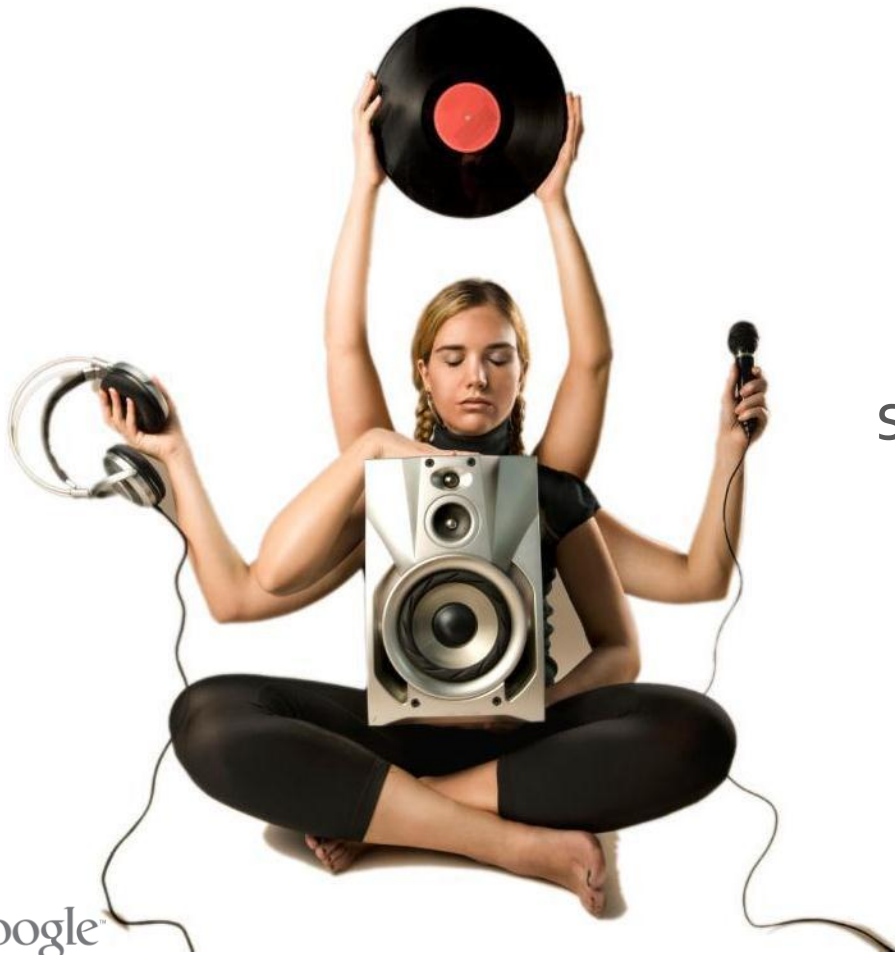
Latin American SMB websites
are still primarily
informational, offering
mostly basic functionalities.



Many sites allow clients to print forms and place orders, but **less than 30%** support online payments or invoices.

Use of **Web 2.0** services, **interactive components**, and **3rd party advertising** is still low.





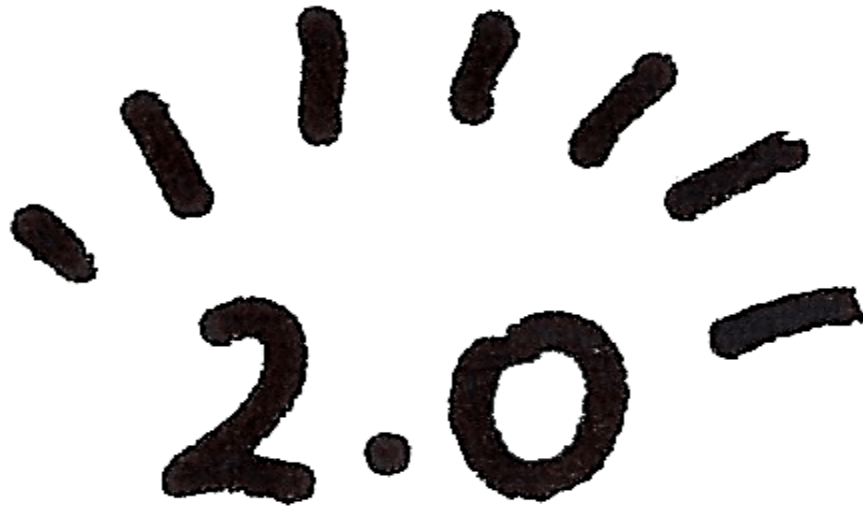
Among existing SMB
websites analyzed,
Multimedia is growing
but is nowhere near
saturation – implementation
is at almost 50%, with
another 10% hoping to add
this functionality soon



Despite the slow start, there is potential for
rapid growth



While use of Web 2.0 features, interactive features, and 3rd party advertising are all still around **20% and less**, more and more SMBs are **actively planning** to add these components



2.0

Cloud computing is also in very early stages, with 75% of SMBs not yet familiar with the concept.



Among SMBs **without an online presence**, many are already investing in online advertising

- 14% claim to already be using some form of **e-advertising**, another **25%** is planning to use this tool soon, most commonly within the next 6 months.



Nearly 1/3 of SMBs **without an online presence** plan to **launch a website soon.**

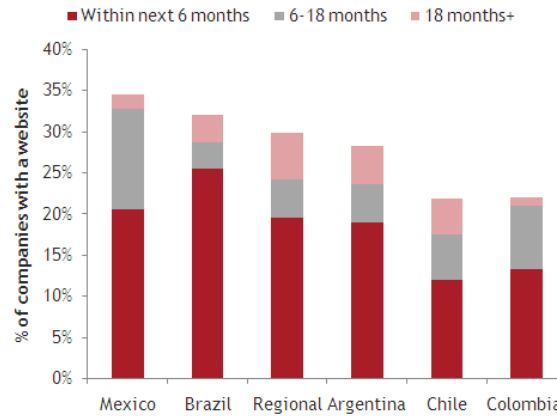




In Mexico and Brazil,
the percentage **is**
over 30%.



Proportion of SMBs without a website that are planning to go online in the future



This suggests that the market for Latin American SMB websites will **continue developing** at a steady pace during the next 18 months.



Pyramid's regional results make it clear that **interest is high** across Latin America, but many SMBs are just beginning to make use of Internet tools.



As **Latin America's technology sector** continues expanding and the public becomes increasingly Internet-savvy, **opportunities abound** that will enable mutual benefits to SMBs and Google:

- Assisting SMBs to **set up websites**
- Assisting SMBs with websites to **enable more functionality**
- Promoting **e-advertising**
- Educating businesses about the benefits of **cloud computing**



...and make everybody **win**

